

CORRECTED FISCAL NOTE

SB 310 - HB 542

March 22, 2005

SUMMARY OF BILL: Extends the definition of “*premiere type tourist resort*” to include any municipality within a county containing a national forest and a controlled river featuring whitewater rafting.

ESTIMATED FISCAL IMPACT:

On March 17, 2005, we issued a fiscal note which indicated a net increase to state revenues of \$23,500, a one-time increase to state expenditures of \$10,800, a net increase to local government revenues of \$40,000, and a shift of approximately \$200,000 in municipality street aid funds among municipalities. Based on additional information provided to us, the estimated fiscal impact of this bill is:

(CORRECTED)

Increase State Revenues – Net Impact - \$23,500 Recurring

Increase State Expenditures - \$10,800 One-time

Increase Local Govt. Revenues – Net Impact - \$40,000 Recurring

Other Fiscal Impact - Shifts approximately \$200,000 in municipal street aid funds to Ducktown, Benton, Copperhill, and Cleveland from all other municipalities.

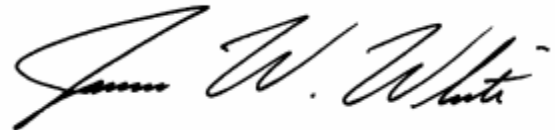
Assumptions:

- Current law (TCA 67-6-103) authorizes any *premiere type tourist resort* (PTTR) the option of taking the normal allocation (4.2462% of all state-shared taxes) or the special allocation (4.5925% of amount remitted by the municipality).
- Current law (TCA 54-4-203) authorizes any PTTR with a population of 10,945 to receive an allocation of municipal street aid funds.
- Only four municipalities qualify for the special allocation as a PTTR under the criteria of this bill: Ducktown, Benton, Copperhill, and Cleveland.
- Only Ducktown would benefit by taking the special allocation allowed under TCA 67-6-103.
- Ducktown is only municipality to elect for the special allocation of state-shared taxes.
- Ducktown, Benton, Copperhill, and Cleveland would benefit under TCA 54-4-203.

- According to the Department of Revenue, approximately \$200,000 in municipal street aid funds would be shifted to Ducktown, Benton, Copperhill, and Cleveland at the expense of all other municipalities.
- Decrease in state revenues resulting from Ducktown taking the special 4.5925% allocation is approximately \$12,000.
- Increase in local government revenues from Ducktown electing to take the special allocation is estimated at \$12,000.
- PTTR areas are authorized to serve liquor-by-the-drink (LBD).
- LBD licenses and gross receipts taxes generated in Ducktown as a result of it becoming a PTTR are estimated at \$53,000 (\$28,000 would go to the city and \$25,000 would go to the state).
- Net impact to state revenues is an increase of approximately \$23,500 (\$25,000 increase from LBD - \$1,500 decrease from higher allocation to Ducktown = \$23,500).
- Net impact to local government revenues (Ducktown) is an increase of approximately \$40,000 (\$12,000 from the special allocation + \$28,000 from LBD = \$40,000).
- One-time state expenditures for computer programming and software modifications are estimated at \$10,800.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director